

# Census and Economic Information Center

Volume 1, Issue 3, Summer 2005

Montana Department of Commerce

## RECENTLY RELEASED

**August 8, 2005**  
[County Business Patterns, 2002](#)

**August 1, 2005**  
[2002 Economic Census Manufacturing Utilities](#)

**July 28, 2005**  
[Survey of Business Owners, 2002](#)

**July 21, 2005**  
[Housing Unit Estimates by State and County, 2004](#)

**June 30, 2005**  
[City/Town Population Estimates, 2004](#)

## UPCOMING RELEASES

- **September 28, 2005**  
State Personal Income, 2<sup>nd</sup> quarter 2005 and Revised State Personal Income, 2002-2004
- **Fall 2005**  
More Economic Census Reports

## CEIC WEB SITE

Visit CEIC's [What's New](#) web page for all the updates

- [Detailed Migration Characteristics](#)
- [2002 Economic Census: Mining](#)
- [County Per Capita and Total Personal Income](#)
- [State Population Projections to 2030](#)



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## Turning Data Into Knowledge

Pam Harris, Bureau Chief

Here we are smack dab in the middle of the decade between decennial censuses and we're busy as ever disseminating information from other surveys and censuses conducted by the U.S. Census Bureau, as well as economic measures compiled by the U.S. Bureau of Economic Analysis.

Besides the Economic Census, which profiles America's businesses every five years, the Current Population Survey (CPS) is a sample household survey, conducted annually by the Census Bureau. The CPS produces unemployment and labor force statistics published by the U.S. Bureau of Labor Statistics (BLS) and also serves as a vehicle for supplemental studies on other subjects, such as voter turnout, computer use, income and poverty levels, as well as educational attainment which is discussed in, "What the Numbers Say." See the accompanying map on page two.

The Bureau of Economic Analysis (BEA), also part of the U.S. Department of Commerce, produces annual economic data. With the recent release of the 2003 Gross State Product, a better understanding of the "industrial structure" of Montana and a measure of the economic output of the state is now available. For a more detailed discussion of these stats see the article on page three.

Census 2000 continues to provide detailed demographic data for a deeper analysis of what our state, counties and cities/towns look like. Recently added to CEIC's web site are detailed migration profiles showing who's migrating where. Our "Tale of Two Cities" article on page three discusses trends using these new reports.

There are a host of other data series, both public and private, that CEIC staff utilize to answer your questions. With each request we learn something new, which only makes us better able to answer the next request. We look forward to hearing from you! ■

## What the Numbers Say...

*How many Montanans are graduates?*

Christie Wolfe, Research Technician

First introduced in 1992, the Current Population Survey's (CPS) single educational attainment question asks, "What is the highest grade level of school completed, or the highest degree received?" According to the March 2005 release of the annual CPS for 2004, 91.9% of Montanans, 25 years and over, earned a high school diploma. The report card for Montana and Wyoming is impressive with both states earning an "A", tying for the number two position for the most high school graduates as compared to the other states (Minnesota holds the top spot). The national average for high school diploma recipients was 85%. Montana can be proud too of the percentage of people holding bachelor's degrees. The report shows that Montana comes in at 25.5%, just under the national average of 28%. The tables released on Educational Attainment in the United States for both high school diplomas and bachelor's degrees show record highs. The map on the following page illustrates the national numbers for high school graduates by state. ■

*"Everybody gets so much information all day long that they lose their common sense."*  
Gertrude Stein

## In This Issue:

### Features:

- ▶ Turning Data Into Knowledge
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- ▶ Economic News
- ▶ Data Maps

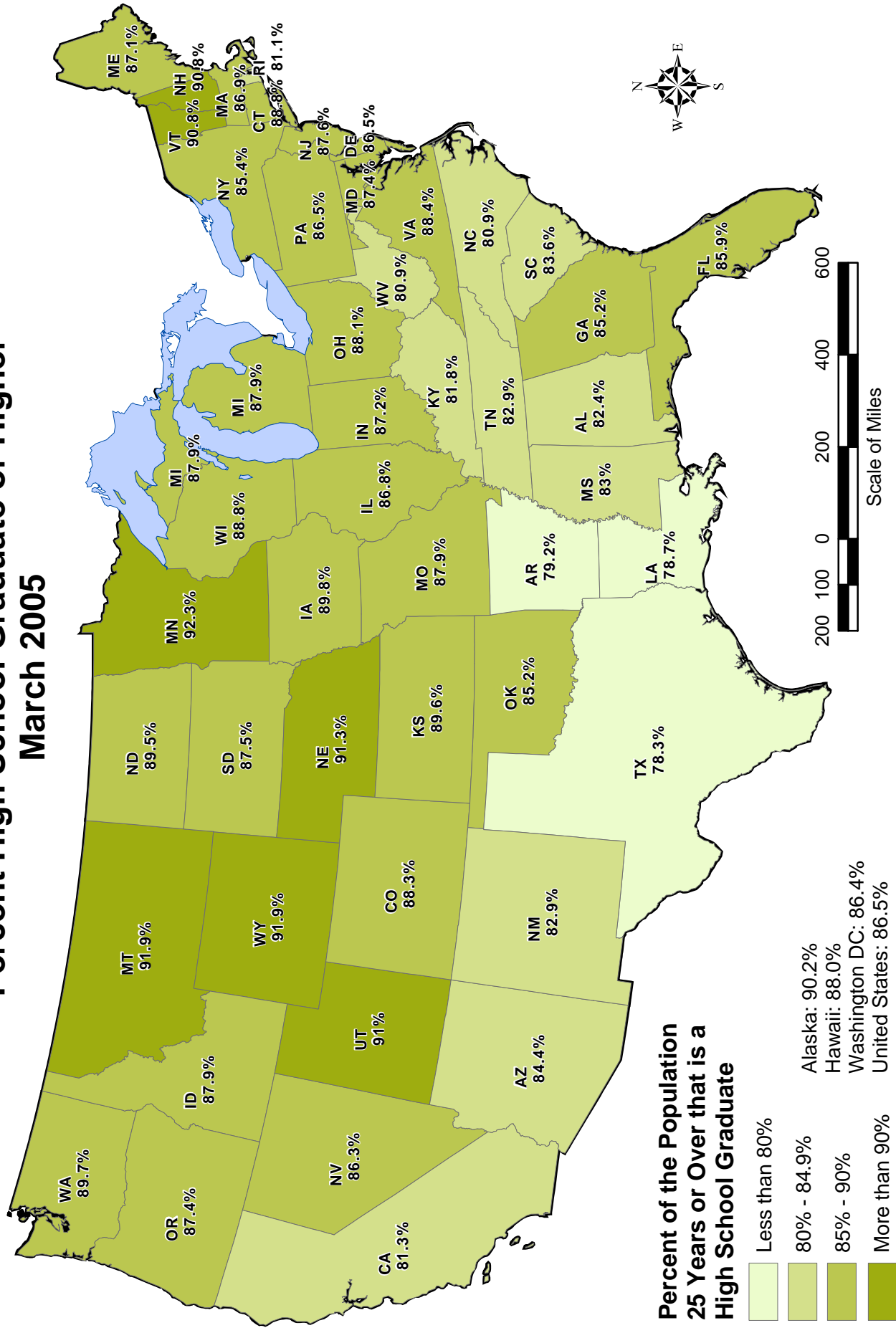
### Article:

A Tale of Two Cities

# Educational Attainment of the Population 25 Years and Over

## Percent High School Graduate or Higher

### March 2005



## A Tale of Two Cities: *The Other Side of Population Growth*

Andrew Geiger, Research Analyst

When you talk to Mack Cole about population data the conversation quickly turns serious. To this former legislator, and current Treasure County Commissioner, the facts and figures are not just numbers on a page. Those numbers instead represent families he knows well, all with similar stories of sons and daughters who have moved to a larger community with no intention of returning home anytime soon. "In some ways it's not a complicated issue, all you have to do is look at my family," Cole says. "My dad and uncle supported three families off of the land I now operate, and I doubt you would be able to support one family now without an outside source of income." Given this reality, he says it is not surprising young people are looking elsewhere.

His concerns are warranted. Treasure County stood at 861 persons during the 2000 Census, but the 2004 estimate came in at 745 persons, making the county the most rapidly declining in Montana at a rate of 13.5%. From a statewide perspective, Census figures show that not only are young people moving out of state, but internal migration also involves a strong rural to urban flow. In eastern Montana, you can clearly see that Yellowstone County (i.e., Billings) has a large influx of persons from places such as Hysham, Custer, Forsyth, and Ekalaka. And while Yellowstone County itself has a large out-migration of young persons with a college education (to places like Phoenix, Arizona and Seattle, Washington), they are able to draw replenishment from their less populated neighbors within the state.

### The New Homestead Act

These numbers have not been overlooked by Washington D.C. In March of 2005, a bipartisan group of Senators from states with large rural areas introduced a bill titled, *The New Homestead Act*. The drafters of the legislation say the intent is to "reward the hard work and risk of individuals who choose to live in and help preserve America's small, rural towns..." The program plans to offer a variety of college reimbursements and tax incentives linked to housing and property to draw (or keep) young persons to counties that are outside of a metropolitan statistical area and have a net out-migration of at least 10% in the last 20 years. Needless to say, (A Tale...continued on page 4)

## Economic News

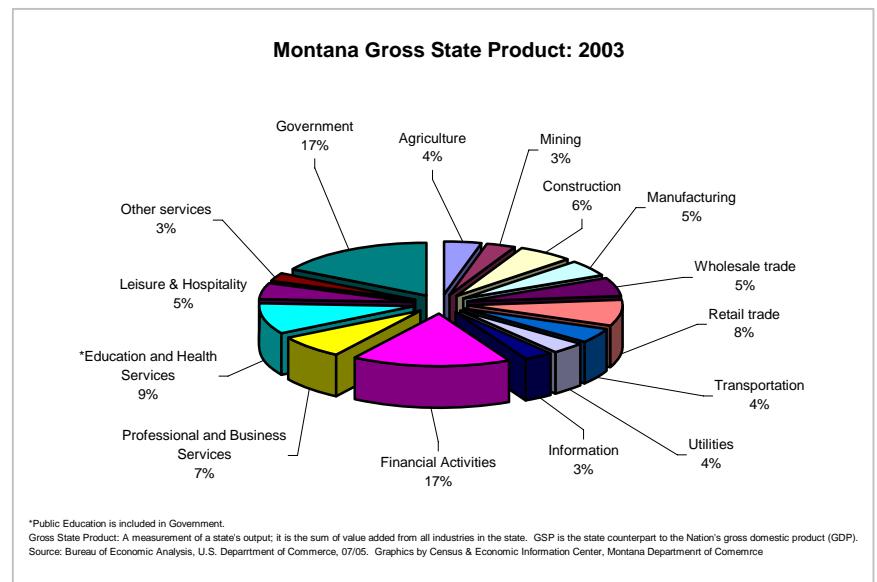
### Montana's Changing Industrial Structure: *The Composition of Gross State Product*

Susan Ockert, Economist

"Google™ that!" "Can you hear me now?™" "Venti double shot soy latte." The U.S. economy has changed drastically in the last 80 years, let alone since the beginning of the 21<sup>st</sup> century. However, up until 1997, industries were still classified according to standards begun in the 1930s.

With the emergence of a service-oriented and knowledge-based economy, driven by faster and faster technologies, measuring the economic activity of a nation was hindered by the antiquated Standard Industrial Classification (SIC) system. As the United States, Canada and Mexico became more closely integrated under the North American Free Trade Agreement, comparable statistics were needed as well.

(GSP...continued on page 5)



## A Tale of Two Cities Continued:

Montana's rural counties will easily qualify under this scenario. The legislation takes its name from the historic *Homestead Act of 1862*, signed into law by President Abraham Lincoln, under which 10% of the land in the United States was populated. For a small administrative fee people were given 160-acre lots free of charge. In all, some 270 million acres were given away in 30 states.

Yet not everyone is so sure such a drastic re-population can occur in the modern era. Jim Sylvester, an economist for the Bureau of Business and Economic Research at the University of Montana, is skeptical that financial incentives can work. "It's the human factor for young people, not an economic decision," Sylvester said. He sees the impact of this being that rural areas are going to face some stark choices as to which communities are going to be viable in the long run. This will in effect create the opposite of *growing pains*, as it involves deciding to actually merge municipal resources and businesses in one town—at the loss of another town—due to the need to have enough households to support basic commerce and health care facilities. As one example, Sylvester explains that you need about 2000 households at a minimum to support one lone doctor.

Yet once again the "human factor" kicks in. How do you reconcile such cold, analytical decisions with people's sense of hometown pride and connection to a place where they were born? Still, if the numbers continue to decline there may be little alternative in some areas. "I think with the current analysis of our school systems in Montana, and talk of possible consolidations, we are starting to see people think about this concept," Sylvester adds.

### International Trend

While it may be of little consolation to folks who bemoan the loss of many of their young people in rural areas, this move towards urbanization is happening across the globe. In 1950, approximately 29% of the world's population lived in urban areas, whereas today this number stands at around 50% according to the United Nations Population Division. Of course in industrialized, wealthier nations this figure climbs even higher. By U.S. Census Bureau terminology, 79% of Americans live in an urban area (the Bureau's definition is complex, but generally means "most incorporated places with a population of 2,500 or more..."). So what's behind this mass movement? Part of it is the nature of population growth itself, given that the world's population has more than doubled since 1950 (although the growth rate has slowed more than demographers thought it would only a decade ago). Simply put, clusters of population density are a byproduct of rapid population growth.

"It's the human factor  
for young people, not an  
economic decision,"

Jim Sylvester

In many ways the situation on Montana's farms and ranches is illustrative of the worldwide condition, as technology has reduced the need for able bodies on the farm.

Freed from this direct reliance on the land, and still in need of earning a living, people head to the largest urban area within their comfort zone. This gets back to Sylvester's point of a minimum population threshold needed to support the types of occupations people expect in today's economy. Putting the data in human terms, these are kids from places like McCone and Richland and Carter Counties who go to school at MSU Billings and stick around after graduation for job opportunities and entertainment options (and, yes, to begin further analyzing the data regarding gender ratios in a much larger city!).

### Back on the Farm

Yet Commissioner Mack Cole in Treasure County remains an optimist, and indeed there are both federal and state programs in place to assist local governments whose tax bases are taking a hit (earlier this year Governor Schweitzer personally delivered a cash award from the Commerce Department to Treasure County and Town of Hysham officials to address an aging water system). Cole also feels that answers can come from the local level, with his ideas centered around the agricultural tradition of the community such as value-added processing procedures, with the understanding that small additions to the economy would be less disruptive to the way people want to live. Yet he also knows that things change and thinks lessons can be learned from other parts of the state. To illustrate this point, he recalls the bemused reaction of a group of local farmers when a piece of riparian property with a long row of cottonwoods along the Yellowstone River sold for more than an irrigated area. The buyers were from outside of the county and obviously interested in the parcel solely for recreational purposes. And the lessons Mack Cole draws from this example? "Hey, we've got elk, we've got fishing...and it's been a beautiful green summer...this is Montana after all."■



## GSP Continued:

Accepted in 1997, the North American Industry Classification System (NAICS) classified such new industries as HMOs, Internet-based information portals, wireless telecommunications, and even coffee shops. Montana's economy has undergone similar transformations. As Montana's Gross State Product (GSP) rose from \$19 billion in 1997 to \$26 billion in 2003, its underlying industrial structure shifted. Governmental entities, such as local, state, and federal, still comprise almost 17% of Montana's economy. However, the importance of such traditional industries as Agriculture and Mining has declined while technology-based industries, such as Professional and Business Services and Information, have risen.

Even though oil and gas extraction rose 134% from 1997 to 2003, in tandem with escalating gasoline prices, Mining currently comprises only 3% of Montana's GSP compared to 3.5% in 1997. Likewise, Agriculture's contribution to GSP fell from 5.1% in 1997 to less than 4% in 2003. Agriculture experienced only a 2.5% increase from 1997 to 2003, the smallest of all industrial sectors.

Conversely, Computer Systems and Related Services grew 245% from 1997 to 2003, fueling a rise in Professional and Business Services' share in GSP, from 6.2% to 7.4%. Information also realized an increase in its share of GSP. Information and Data Processing Services rose 309% from 1997 to 2003, stimulating Information's contribution to Montana's economy to 3% compared to 2.6% in 1997.

Financial Activities, which includes banks, investment firms, insurance carriers and real estate, is Montana's largest private sector at nearly 17%. Of those subsectors, Insurance Carriers' contribution to GSP increased 65% from 1997 to 2003. Private Educational and Health Services plus Social Assistance comprise 9.5% of Montana's economy. Private education accounts for less than 1% of GSP whereas public education is reported under Government. For a complete look at the composition of Montana's GSP, refer to the chart on page three or visit CEIC's web site at <http://ceic.mt.gov/GrossStProduct.htm>.

Gross State Product measures the economic output of a state by summing the value added by industries within the state. GSP serves as a counterpart to the Nation's Gross Domestic Product, or GDP. Some of the new industries now being tracked under NAICS include:

Technology-based	Retail	Services	Leisure & hospitality
<ul style="list-style-type: none"> <li>Semiconductor machinery manufacturing</li> <li>Fiber optic cable manufacturing</li> <li>Reproduction of computer software</li> <li>Manufacture of compact discs except software</li> <li>Cable networks</li> <li>Satellite communications</li> <li>Paging</li> <li>Cellular and other wireless communications</li> <li>Telecommunication resellers</li> </ul>	<ul style="list-style-type: none"> <li>Convenience stores</li> <li>Gas stations with convenience food</li> <li>Warehouse clubs</li> <li>Food/health supplement stores</li> <li>Pet supply stores</li> <li>Pet care services</li> </ul>	<ul style="list-style-type: none"> <li>Credit card issuing</li> <li>Temporary help supply</li> <li>Telemarketing bureaus</li> <li>Interior design services</li> <li>Industrial design services</li> <li>Hazardous waste collection</li> <li>Automotive oil change and lubrication shops</li> <li>Diet and weight reducing centers</li> </ul>	<ul style="list-style-type: none"> <li>Casino hotels</li> <li>Casinos</li> <li>Other gambling industries</li> <li>Bed and breakfast inns</li> <li>Limited service restaurants</li> </ul>